

# NEWS RELEASE

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## **Tamimi Global Executive Arrested, Charged With Making False Statement in Fraud Investigation**

### ***Complaint Alleges Operations Director Lied about Kickbacks Paid to KBR Employee for Military Dining Facility Subcontract in Kuwait***

ROCK ISLAND, IL – A criminal complaint charging Tamimi Global Company's Director of Operations for Kuwait and Iraq, Mohammad Shabbir Khan, was unsealed today, as announced by Assistant Attorney General Alice S. Fisher of the Criminal Division and Rodger A. Heaton, United States Attorney for the Central District of Illinois. Shabbir Khan, age 49, a naturalized U.S. citizen born in Pakistan, was arrested in Rock Island, Illinois, on March 22, 2006. An initial appearance was held this afternoon in federal court in Peoria, Illinois. A detention hearing has been scheduled for March 27, 2006, in Peoria.

The affidavit filed in support of the criminal complaint alleges that on March 22, 2006, Shabbir Khan made false statements to federal law enforcement agents related to his and Tamimi's payment of approximately \$124,000 in kickbacks to a Procurement Materials and Property Manager for Kellogg, Brown & Root Services, Inc. (KBR) for the award of a \$14.4 million dollar subcontract to Tamimi to establish a military dining facility at Camp Arifjan, Kuwait.

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U.S. Attorney Heaton stated, “This complaint reflects our ongoing commitment to aggressively prosecute those who seek illegal profits at the expense of the U.S. taxpayer and our soldiers. Any attempt to exploit military efforts to secure goods and services for our soldiers around the world will be investigated fully and prosecuted to the fullest extent of the law.”

According to the affidavit, in October 2002, Shabbir Khan, on behalf of Tamimi, was negotiating the terms for the Camp Arifjan dining facility subcontract with the KBR employee whose duties at the time included the negotiation, execution and administration of subcontracts on behalf of KBR under the prime contract KBR had with the U.S. Army known as LOGCAP III. According to the affidavit, on about October 9 or 10, 2002, Shabbir Khan hosted a birthday party for the KBR manager at another Tamimi employee’s residence. Also, according to the affidavit, following the party, as Shabbir Khan drove the manager to his quarters, Shabbir Khan offered what the manager understood to be an offer of a kickback for the award of the Camp Arifjan dining facility subcontract to Tamimi. The affidavit further alleges that the KBR manager agreed to accept the kickback offer and on or about October 14, 2002, formally awarded the subcontract, with a not-to-exceed estimated price of \$14.4 million for a one-year period, to Tamimi.

The affidavit alleges that from October 2002 through November 23, 2002, Shabbir Khan paid or caused to be paid at least \$30,000 in cash as kickbacks to the KBR employee. From October 2002 to May 2003, Shabbir Khan allegedly paid or caused to be paid an additional \$94,000 in various electronic funds transfers to the KBR manager’s U.S. bank account, including \$20,965 to the employee’s automobile loan account and \$2,965 to another account on behalf of the KBR employee. According to the affidavit, the KBR manager resigned his position effective May 21, 2003, the date of the last alleged electronic funds transfer, and returned to the U.S.

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As alleged, in April 2005, the former KBR manager received an e-mail from a person he believed to be an associate of Shabbir Khan. According to the affidavit, when the former KBR manager telephoned the number provided, Shabbir Khan answered and allegedly told him that the embassy or consulate attaché in Bahrain had recently inquired into the source of the wire transfers, a number of which had originated in Bahrain. Shabbir Khan allegedly told the former KBR employee that if he were to have a business deal with another person, referred to as Coconspirator

A in the complaint affidavit, to jointly purchase a vehicle in the U.S. for sale in the Middle East, this would make the wire transfers appear to be legitimate. From about April 11, 2005 through May 26, 2005, a number of e-mails were allegedly exchanged between the former KBR manager and Co-conspirator A to make it appear that various wire transfers of funds as kickbacks were a legitimate investment by Co-conspirator A in the fictitious business venture, which was purported to be the purchase of an armored vehicle for resale in the Middle East. It was a further part of the ruse that the fictitious venture purportedly fell through, thereby requiring the former KBR employee to electronically transfer more than \$60,000 from the U.S. back to Co-conspirator A to make it appear as if Co-conspirator A had been “repaid” for his “investment” in the fictitious business deal.

In August 2005, federal agents traveled to Kuwait to interview Tamimi employees, including Shabbir Khan, who was interviewed on August 26 and August 28, 2005. Shabbir Khan allegedly denied that he and Tamimi had paid any kickbacks to the former KBR manager. According to the complaint, Shabbir Khan told agents that he received a letter in the spring of 2003 from Co-conspirator A requesting that money that was to be paid to Co-conspirator A by Tamimi as salary or bonus be sent to the former KBR manager and that such requests were not unusual.

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According to the affidavit, the former KBR employee was interviewed on August 26, 2005, and agreed to cooperate with federal authorities. On October 28, 2005, the former KBR manager allegedly met with Co-conspirator A and Shabbir Khan at a London hotel where discussions between the former KBR manager, Shabbir Khan and Co-conspirator A were consensually recorded with the approval of British authorities.

On or about March 14, 2006, Shabbir Khan and his counsel agreed to travel to the U.S. Attorney's Office in Rock Island for an interview on March 22, 2006. Conditions of the interview set forth in a letter confirmed that Shabbir Khan would not be arrested based upon conduct occurring prior to his arrival in the U.S.; however, the letter further stated that the assurance did not apply to any criminal conduct by Shabbir Khan while in the U.S., including making false statements. Prior to the March 22 interview, with his counsel present, Shabbir Khan was advised that any false statement made by him during the interview could constitute a federal crime for which he could be prosecuted. According to the complaint, during the ensuing interview, Shabbir Khan reiterated the false statements regarding the electronic payments made as being related to the fictitious armored vehicle business deal.

If convicted, the maximum statutory penalty for the offense of making false statements is five years in prison and a fine of \$250,000.

LOGCAP (Logistics Civil Augmentation Program) is a U.S. Army program that uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and was administered by the Army Field Support Command, also at the Rock Island Arsenal. Several investigative agencies participated in the criminal investigation, including: the Federal Bureau of Investigation, Springfield Division; the Internal Revenue Service Criminal Investigation Division, Chicago Field Office; the Defense Criminal Investigative Service,

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Central Field Office, St. Louis, Missouri; and the U.S. Army Criminal Investigation Command, North Central Fraud Field Office, Detroit, Michigan.

The case is being prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and, John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice. Members of the public are reminded that a complaint is merely an accusation; the defendant is presumed innocent unless proven guilty.

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